



Finances

As a student, either living on your own or on the verge of entering college, one thing you have to learn is how to live within your means. You may be one of many who are learning how to deal with rent payments, monthly bills and other expenses. At the same time, you'll want to spend money on other things like concerts, movies, music and parties. This becomes a problem when your paycheck or budget isn't enough to cover everything. If this is the case, you probably rely on your credit card — but be careful, credit cards that aren't used wisely can become very costly. On top of that add the stress of financing college and long term loans. If you're not smart and conscious of your spending you could be setting yourself up for disaster.

Credit Cards

You've probably received many credit card offers in the mail. There are a lot of businesses willing to let you have their credit card, despite your status as a student and limited credit history. According to studies, the vast majority of people who default on their credit card payments earn less than \$30,000 a year. Most college students make considerably less than that amount. If you don't have a reliable source of income, think twice before getting a credit card. If you do decide to get a credit card, reserve it for emergency purchases only and be sure to pay off your balance every month.

Be especially cautious of getting sucked into a pattern of making minimum monthly payments. When you do not pay off the entire balance, you pay interest on the unpaid amount. Most of the time this can be an astronomical percentage rate of 20% or more. Consider this — if you spend or charge \$2,000 in one month and only make the minimum payments, at an interest rate of 18.5%, it will take you 11 years to pay off the bill. In that time you will have paid \$1,934 in interest.

Before you decide to get a credit card investigate these questions:

- What type of card is it? Credit? Debit? Secured?
- What up-front payments are required? Is there an annual fee?
- What is the interest rate? How is it calculated? Can it be changed?
- What is the credit limit?
- Can you get a cash advance? What fees and interest rates apply to this service?
- What credit reporting services does the company use? How often does it report?
- Is there an alternative to the credit card? Do they offer pre-paid cards I can put money on in advance?

As a student you need to be especially careful. You're just beginning your credit history. Late payments, missed payments and extensive balances will become imbedded in your credit. Down the road it can hurt your chances of getting credit cards, bank loans or a mortgage. Your credit history even can be examined by a potential employer when you are looking for a job. So be careful! Misjudgment or mistakes made with credit cards when you're young can haunt you for a long time.

Debit Cards

What could be easier than something that looks like a credit card, acts like a credit card but doesn't come with the interest rates and monthly statements of a credit card? Don't be fooled. These convenient pieces of plastic can have dangerous consequences.

When you use a debit card money is deducted from your checking account. The main downside to debit cards is that you don't have an established system of record keeping. You need to make sure you know how much money is in your account at all times and be sure to record every debit card transaction that you make. Save all your receipts and doublecheck them with your bank statement the same way you would with a regular credit card statement.

Remember to protect your card, transactions and pin number from people who might try and steal your personal information and identity.

Financing College

You're probably wondering how am I going to pay for college. There are thousands of students just like yourself asking that same question and there are fortunately scholarships, government loans and grants out

there to help.

Each year the cost to attend college grows. For the 2006-2007 academic year, the estimated cost is at least \$16,914 for one year, while for a private four-year college that cost more than doubles. This of course only covers tuition, room and board. Figure in books, personal expenses and activities and you're looking at much more.

So what type of aid is out there to help students make it through?

- **Grants and Scholarships:** This type of aid is generally provided by the federal government or a private organization. Grants and scholarships are great because they do not have to be paid back. Don't get too excited, they usually require qualifications in certain areas (academics, sports, music, etc).
- **Work Study:** This program is usually provided by the Federal Work Study program and permits students to earn income and gain work experience at the same time. Colleges often will have a list of campus jobs that support the Work Study program. You can do anything from working in the admissions office to working at the campus Rec Center.
- **Loans:** These types of aid are based on financial need and most carry very low interest rates and accommodating repayment plans. Loans often can be deferred until after you graduate and, if you're seeking post-graduate work, can be deferred even longer.

Different types of financial aid may have specific requirements. There are scholarships and aid out there for just about anyone, you just have to be willing to look and apply. It is also wise to apply for aid every year because you might become eligible even though the previous year you weren't. Make a note of deadlines for financial aid and apply early. Also, review our scholarship scam tips before making any final decisions on where you're going to look for financial aid.

Teens and Spending

How much is too much to pay for a car? Should I buy that hard to find item off of eBay? What kind of computer should I get for college? As a teen you've probably asked yourself each of these questions on more than one occasion. So, how do you know if you're getting ripped off when buying the things that all teens "need" to have?

Buying a Car

Buying a car is a huge step in your life and, if you're not careful, it could end up costing you more than you bargained for. If you're willing to spend the money for a new car, you'll be able to pick out exactly what you want, but it may not be the most affordable option. Used cars also have advantages — insurance costs less; the value doesn't depreciate as much as a new car; and it may be easier to negotiate with an individual buyer than with a dealer. It's also possible, though, that used cars will require more maintenance, and they may not have a warranty or you may not know the complete history of the car.

If you decide to finance a new car it will seem like you're paying less to begin with, but the total price will increase when you factor in the interest and finance charges. You should get the following things in writing when financing a car through a dealer: price of the vehicle; finance charge; the annual percentage rate; the number of payments you'll have to make; the amount of each payment; and the complete price including all interest and charges. After careful consideration, if financing is your only option, consider going outside of the dealership. Contact your bank or credit union, they may offer a financing option that is better suited for your needs.

Test drive more than one vehicle. Have the car inspected by a private mechanic. Negotiate the price, and get all verbal promises in writing to ensure that you're getting a good deal and a reliable vehicle.

Don't rush into anything! There is no "cooling-off" period for auto purchases. You DON'T have the right to cancel the contract.

Lemon Law

Pennsylvania's Automobile Lemon Law is designed to protect Pennsylvania consumers from unsafe and defective new cars. The Automobile Lemon Law applies to the PURCHASE or LEASE of new vehicles that are registered in Pennsylvania. The vehicle must be used for personal, family or household purposes. Commercial vehicles, motorcycles, motor homes and off-road vehicles are not covered by the law.

The law covers problems that occur during the first 12 months or 12,000 miles of ownership. The problem must substantially impair the value, use or safety of the vehicle. Each time you take your vehicle to the dealer for service or repair, the dealer must provide you with a copy of the repair invoice. The dealer must also notify the manufacturer that

your vehicle has been brought in a second time for the same problem. As long as the first problem occurs during the first 12 months or 12,000 miles of ownership, you are covered for any subsequent problems occurring after that point.

The law allows the manufacturer three repair attempts for the same problem. If the repairs are unsuccessful, you may demand a refund or replacement vehicle. Also, if your car is at the dealership for any repairs for a cumulative total of 30 days during the first 12 months or 12,000 miles, you may demand a refund or replacement.

The manufacturer is allowed to receive a reasonable offset for your use of the vehicle with which you are having problems. That refund offset can total no more than 10% of the purchase price of the vehicle or \$.10 for each mile driven before the first reported repair. If the manufacturer cannot replace your particular model or year, you must be given a comparable vehicle of equal value.

Keep in mind that you lose your lemon law rights if the problem you are experiencing is the result of your modification to or your alteration, abuse or neglect of the vehicle.

Information about the lemon law and how to assert your rights should be found in your owner's manual.

Any purchaser of a new motor vehicle who suffers any loss under this law may proceed directly to the manufacturer's arbitration program. Consumers may also bring a civil action in a court of common pleas and, in addition to other relief, is entitled to recover reasonable attorneys' fees and all court costs. If you have an additional question regarding Pennsylvania's Lemon Law, contact the Bureau of Consumer Protection at 1-800-441-2555.

Buying on the Internet

It's so easy to be sitting at the computer working on a paper or project when the next thing you know you're on Amazon.com looking at DVD's or on eBay bidding on a designer purse. Buying online is dangerous because it puts consumer goods at your fingertips 24 hours a day, seven days a week. While you're surfing through this world of bidding and buying, try to stay safe and consumer savvy.

Before you buy online make sure you:

- Verify that your anti-spyware is up-to-date.
- Know that the site you're buying from is secure. Look for a padlock with a closed lock at the bottom of the screen.

- Look around to make sure you're not paying two times as much as the price on a different Web site.
- Save all information regarding your purchase. Print out invoices or confirmation e-mails – they'll act as your receipt.
- Don't use your debit card for purchases. If a hacker gets your number, you don't want that person to be able to wipe out your bank account.
- Don't bid on anything unless you're absolutely sure you want the item. Online auction bids cannot be taken back.
- Never bid on anything that requests "Cash Only" or "Money Orders Only." These requirements should raise a red flag in your mind, as it is one of the top fraud indicators.
- Only give necessary personal information like shipping address and billing address. Some companies sell this information to other businesses.
- Get an estimate of when your purchases will be arriving. If no date is specified, the items should be shipped in 30 days.
- Become familiar with the auction site before you bid. Not all auction sites have the same bidding process.
- Do some research on the sellers. Make sure their information listed is correct.
- Understand what you're buying before you hit the buy button. Know the value of the item, the terms of sale and return policy.

Buying a Computer and Electronics

Chances are that you've grown up with a computer and electronics. You probably don't remember life without them. They are a part of our daily lives. However, buying a computer, new TV or car stereo can be confusing and expensive.

Stand your ground with salespeople. Don't let them distract you from your budget with hard-sell sales pitches and technical terms. If you follow these basic shopper tips, you'll be a smarter shopper and will avoid buying more than you can afford.

- Shop Around: Check more than just one store for the best price and don't be afraid to give competitors' prices in search of a better deal.
- Warranty Awareness: Make sure you're covered under the manufacturer's warranty. Try not to get sucked into extended warranties, they cost extra and aren't always a good value.
- Understand: Salespeople will often use technical jargon to

describe their product and its features. Don't be roped into buying something because it has more "megabytes" or "watts." Know what you're searching for and you'll get what you want without paying for the extras.

- Refund Policy: Know how long you have to return your item without penalty.
- Bait and Switch: Don't be convinced to buy a big-ticket substitute when you've gone into the store for the same item at an advertised low cost.

If you're in the market for a new computer, look for things like a good warranty, DVD drive, CD-RW unit and any other additional features that you've researched. Scanners and printers are not necessities but may be helpful if you're about to head off to college.

Cell Phone Plans

Chances are you already have a cell phone or are getting one soon. How do you know what cell phone plan is right for you? It's fairly simple – think about the following questions. Your answers will help you decide what kind of plan will best suit your needs.

- Will your cell phone be used for long-distance calling?
- Are you planning on talking for an extended period of time during each call?
- Will you be making calls mostly during the day or at night?
- Who is going to have your number? Everyone you know or just close friends?
- Will you be charged roaming fees?

Here are some other helpful tips considering the purchase of a cellular phone and wireless plan:

- Know the language. Be familiar with differences between analog and digital service and understand commonly used billing terms such as "roaming charges," "local calling areas," "peak/off-peak calling times" and "home calling areas."
- Shop around. To find the best cellular plan, phone and service provider for you, understand the offers and know what you're getting for your money. Most plans consist of a set calling area with a monthly allotment of minutes. Because there are usually additional fees once you exceed your monthly time allotment or venture outside your coverage area, knowing exactly what a plan includes and what its limitations are can save you a great deal of

money and potential headaches.

- Read the fine print. Companies frequently offer great opportunities to use wireless phones at attractive monthly rates. However, these rates are often promotional and/or have time restrictions and regional limitations. Be sure to read all of the available information before making a decision. [Contracts often contain early termination penalties that can be substantial. Search for this provision and have a sales representative indicate exactly what charges may apply if you terminate the agreement early.]
- Keep everything! Holding on to a copy of the calling plan, your contract and any materials sent to apply for rebates or special offers will help you in the event of a problem or dispute in the future.
- Carefully review to your monthly bill to make sure you're being billed at the rates you agreed to and watch out for fees or charges that were not discussed in your agreement.

Now that you know what you're looking for, you can narrow down a provider. Research all the available providers and you'll have a cell phone plan that's perfect for you and within your budget.